

STATE OF WASHINGTON

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER

Phone: (360) 725-7000



OFFICE OF  
INSURANCE COMMISSIONER

**DECLARATION OF MAILING**

I declare under penalty of perjury  
under the laws of the State of  
Washington that on the date listed  
below, I mailed or caused delivery  
of a true copy of this document to

DATED this 2nd day of March  
at Tumwater, Washington.

Signed: Charlene Brown

**FILED**

MAR 02 2004

Hearings Unit, OIC  
Patricia D. Petersen  
Chief Hearing Officer

In the Matter of the Merger of	)	No. G04-02
PACIFIC NORTHWEST	)	
TITLE INSURANCE COMPANY,	)	NOTICE OF HEARING
a Washington title insurance company,	)	
with and into THE FIRST AMERICAN	)	
CORPORATION, a California corporation	)	

TO: Timothy J. Parker, Esq.  
Carney Badley Spellman, P.S.  
700 Fifth Avenue, Ste. 5800  
Seattle, WA 98104-5017

Parker S. Kennedy – President  
First American Corporation  
1 First American Way  
Santa Ana, CA 92707

Raymond Lloyd Davis – President  
Pacific Northwest Title Insurance Company  
215 Columbia Street  
Seattle, WA 98104-1511

COPY TO: Mike Kreidler, Insurance Commissioner  
Michael G. Watson, Chief Deputy Insurance Commissioner  
Carol Sureau, Deputy Commissioner for Legal Affairs  
James E. Tompkins, Assistant Deputy Commissioner, Company Supervision  
Office of Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

Pacific Northwest Title Insurance Company (PNWT) is a title insurance company domiciled in the State of Washington. Pacific Northwest Title Holding Company, a Washington corporation, is PNWT's holding company.

The First American Corporation (First American) is a holding company domiciled in the State of California, is publicly traded on the New York Stock Exchange, and is a general business corporation which, through its subsidiaries, is engaged in title insurance and services, specialty

Mailing Address: P.O. Box 40255 • Olympia, WA 98504-0255  
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501



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insurance, trust and other services, mortgage information, property information, credit information and screening information.

On January 30, 2004, First American filed an application with the Insurance Commissioner for approval of its proposal to merge with and acquire control of PNWT by acquiring all of the issued and outstanding stock of Pacific Northwest Title Holding Company in a negotiated acquisition. More specifically, and as detailed in its application, First American proposes to acquire PNWT through merger of PNWT with First American's wholly-owned subsidiary Pacific Northwest Title Holding Company Acquisition Corporation. Should this proposal be approved, upon the effective date of the purchase, Pacific Northwest Title Holding Company Acquisition Corporation shall cease to exist and Pacific Northwest Title Holding Company, a Washington corporation, shall be the surviving corporation. Said purchase will result in the merger of PNWT into First American and a change of control of PNWT. With this proposed merger, First American intends to continue and expand its business of selling and underwriting title insurance policies in the State of Washington.

A merger involving a domestic Washington insurer is controlled by RCW 48.31.010, 48.31B.015 and 48.31B.020. Pursuant to RCW 48.31.010, a Form "A" Statement Regarding the Merger and Acquisition of Control of a Domestic Insurer was submitted to the Insurance Commissioner on January 26, 2004, and has been filed herein. Pursuant to RCW 48.31.010, a domestic insurer may merge with another insurer if, after a hearing, it is found: 1) that the plan of merger has been submitted to and is approved by the Insurance Commissioner in advance of the merger; 2) that adequate notice of the hearing has been given; 3) that the proposed merger is fair, equitable, and consistent with law; 4) that no reasonable objection exists; 3) that no director, officer, member, or subscriber of any such insurer, except as is expressly provided by the plan of merger, has or shall receive any fee, commission, other compensation or valuable consideration whatsoever, for in any manner aiding, promoting or assisting in the merger; and 4) that the Washington insurer has complied with the general laws of this state relating to business corporations. Additionally, RCW 48.31B.015 requires that findings, specified therein, must be made concerning licensing, financial condition, proposed restructuring, competence of the acquiring management and concerning whether the acquisition is likely to be hazardous or prejudicial to the insurance-buying public. Finally, RCW 48.31B.020 provides, among other criteria, that the Commissioner may disapprove the proposed acquisition if there is substantial evidence that the effect of the acquisition may be substantially to lessen competition in a line of insurance in this state or tend to create a monopoly therein.

**YOU ARE HERBY NOTIFIED** that a hearing will be held commencing on April 21, 2004 at the hour of 9:00 a.m. in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501, to consider the proposed merger of PNWT with and into First American, resulting in a change of control of PNWT.

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The hearing will be held under the authority granted the Insurance Commissioner by Chapter 48.04 RCW and RCW 48.31.010, and shall have as its purpose consideration of the above identified statutory criteria and entry of a final decision regarding approval or disapproval of this proposed merger. PNWT and First American must each submit evidence, in the form of live testimony and written affidavits, supporting their position regarding these criteria. Relative to these criteria, the companies must also submit evidence that the rights of Washington policyholders under their current contracts will not be altered.

The Insurance Commissioner has not taken, and will not take, any position on this matter prior to entry of the Findings of Facts, Conclusions of Law and Final Order to be entered by the undersigned after hearing.

YOU ARE FURTHER NOTIFIED that all comments on, or objections to, this proposed merger must be submitted 5:00 p.m. on April 19, 2004. Said comments or objections must be submitted to the undersigned by fax, U.S. Mail, or personal delivery. The fax number of the undersigned is (360) 664-2782, and her address is 5000 Capitol Boulevard, Tumwater, Washington 98501. Further, any member of the public may attend the hearing and may present relevant information concerning the matters at issue herein.

All parties may participate in the hearing. They may examine witnesses and fully respond and present evidence and argument on all issues involved, as required by the Administrative Procedure Act. The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. A party who fails to attend or participate in any stage of the proceeding may be held in default in accordance with Chapter 34.05 RCW.

The Insurance Commissioner will be represented by James E. Tompkins, Assistant Deputy Commissioner in his Company Supervision Division. He can be reached at (360) 725-7218. PNWT and First American will be represented by Timothy J. Parker, Esq. He can be reached at (206) 622-8020.

Based upon a delegation of authority from the Insurance Commissioner, the undersigned will conduct the hearing and will make the final decision and enter the final order relative to this matter. Her address of Office of the Insurance Commissioner, P.O. Box 40255, Olympia, WA 98504-0255 and her telephone number is (360) 725-7105. All questions or concerns should be directed to Charlene Bowman, Administrative Assistant to the undersigned, at (360) 725-7002 or at the above address.

Pursuant to WAC 10-08-040(2) and in accordance with ch. 2.42 RCW, if a limited English-speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified

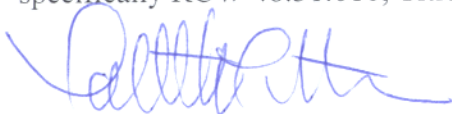
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interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by ch. 2.42 RCW. Following this Notice is a form you may use to advise the Chief Hearing Officer of your need for an interpreter.

ENTERED at Olympia, Washington, this 2<sup>nd</sup> day of March, 2004, pursuant to Title 48 RCW and specifically RCW 48.31.010, Title 34 RCW, and regulations applicable thereto.



PATRICIA D. PETERSEN

Presiding Officer

Chief Hearing Officer



OFFICE OF INSURANCE COMMISSIOER

To request an interpreter,  
complete and mail this form to:

Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

(For information, call (360) 725-7002)

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**REQUEST FOR INTERPRETER**

I am a party or witness in Matter No. \_\_\_\_\_, before the Insurance Commissioner. I NEED AN INTERPRETER and request that one be furnished.

(Please check the statements that apply to you:)

☐ I am a non-English-speaking person. I cannot readily speak or understand the English language. My primary language is \_\_\_\_\_ (Insert your primary language). I need an interpreter who can translate to and from the primary language and English.

☐ I am unable to readily understand or communicate the spoken English language because:

☐ I am deaf.

☐ I have an impairment of hearing.

☐ I have an impairment of speech.

[Please state below or on the reverse side any details which would assist the commissioner or presiding officer in arranging for a suitable interpreter, or in providing appropriate mechanical or electronic amplification, viewing, or communication equipment.]

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

[Please print or type your name:] \_\_\_\_\_

Address where I can be contacted: \_\_\_\_\_  
\_\_\_\_\_

Telephone number by which I can be contacted: \_\_\_\_\_